

“Attracting and Involving New Members”

Discussion Leader – Michael P. Cummings, MAI

In today’s environment, the appraisal profession and the Appraisal Institute membership is graying. The average age of appraisers is approximately ___ and the average age of designated members is approximately _____. Similar to the social security problem in our country new designated appraisers are not entering the system fast enough to replace retirees. If left unchecked our organization will wither at the vine and die. We must attract and involve new members.

During the 2007 meeting of LDAC held in Washington D.C. participants explored this dilemma in greater detail looking for solutions. Two main questions were asked along with two case studies.

1. Why join the Appraisal Institute?
2. How do we get appraisers involved in the Appraisal Institute?

Case A Recent college graduate that majored in real estate or finance and who has chosen to pursue becoming an appraiser. How do we help get this individual become a member of the Appraisal Institute?

Case B An appraiser who has been licensed for several years but has not become a member of the Appraisal Institute. How do we help get this individual become a member of the Appraisal Institute?

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After four round robin meetings, it became quite apparent that this is no easy task and one solution does not fit all. However, five common threads did emerge.

- The majority of appraisal companies today are small regional businesses. The Appraisal Institute must show these owners the benefits of hiring new appraisers and training them to become associate members or designated members. This could be done via appraisal management workshops or yearly business meetings for like size owners of appraisal businesses.
- We must show appraisers that it's okay to be a member and not have a designation. The Appraisal Institute and local chapters should not always push for a member to become designated.
- Each chapter should send a representative to local college career days to allow greater exposure to graduates who are thinking of entering our field or some other form of real estate. This will raise awareness of our profession and serve as an excellent resource for individuals entering the real estate profession.
- We need to do a better job of selling the organization, selling Associate Membership, and creating greater value for all members, not just designated members of the Appraisal Institute.

In the end our organization is at a crossroads. Now is the time to change the way we have done our business and focus on a new business model. **We must attract new members and not just appraisers who want to be designated.** We have to think outside the box. I have been in this business (yes it is a business) for 15 years, and I am tired of hearing we can't do this and that's the way it's always been done. We must not let this discussion be a one time topic, but let it continue to grow and every year revisit this issue. This has to be one of the core building blocks of a new business model for the Appraisal Institute to survive, otherwise our organization as we know it will no longer exist in its current format.

**Reaching for Diversity
Submitted by Judson H. Cline, Discussion Leader
2007 Leadership Development and Advisory Council
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The Appraisal Institute has had a Diversity Committee for a number of years. However, when asked of their awareness of such a committee, the majority of participants at the 2007 Leadership Development and Advisory Council did NOT know of its existence. Many participants were aware of the women and minority scholarship.

Over the course of the discussion, statistics and trends were presented to the participants to help them realize that the appraisal profession as a whole will need to increasingly serve a diverse clientbase in the worldwide market that we work in.

During the course of each discussion on diversity within the profession, four questions were asked of participants

- What is it?
- Why is it important to the Appraisal Institute?
- Why is it important to our members?
- How and what can AI and its members do better to execute our organizations commitment to Diversity?

The four discussion groups came away with some very visible ways the Appraisal Institute and the Diversity Committee can help encourage members to recruit the top talent (academically, more women are graduating with bachelor and masters degrees in 2007) and create a visible campaign by which women and minorities can begin a career in the appraisal profession and by so doing, will join the Appraisal Institute. The following summarizes the recommendations voiced by LDAC participants.

- Increased communication from National Diversity Committee to the chapter and member level with programs and info.
- Create a Diversity Chair position at the chapter level
 - This Chair will support and disseminate information regarding National and Regional Scholarships at the chapter level
 - Encourage reduced fees for education for individuals in need
 - Make Diversity a topic in our chapter and board meetings.
- Designated Member Mentoring of new members
 - This would be a requirement for designated members to mentor a new member who may or may not work directly for them, but would need a seasoned appraiser to follow-up with them and encourage them in their participation in educational and designation track issues.
- Outreach to Colleges and High Schools through Job Fairs and local chamber of commerce events.

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- Increase awareness and attractiveness of Appraisal profession
- It is proposed that the Diversity Committee create a marketing package that will assist the chapter level Diversity Chair market and participate in college and high school career fairs to educate those attending on the rewarding and flexible appraisal career. This was described by participants as a program-in-a-box that indicates the correct school personnel to contact and the manner of presentation that we would need to do this year after year.
- Create a Diversity Award
 - To be awarded by National to Chapters that show strength and resolve through actions in supporting diversity related efforts.
 - Chapters to award to firms in their area that demonstrate a continued commitment to diversity
- Summer Internship program developed by national office
 - Program to be disseminated to and by the local chapter to outline and assist members in implementing this important training tool to students and prospective employees.
- Seek out women and minority owned appraisal businesses in markets that we serve.
 - It is recognized by participants that not all women and minority appraisal firm owners are members of the Appraisal Institute. The diversity committee and its programs, including the minority and women owned directory, would be excellent selling tools to encourage membership and affiliation with the Appraisal Institute. This outreach and marketing campaign could increase overall membership as well as the number of women and minority appraisers within the organization.

"POLITICAL AWARENESS – WAGGING THE DOG"

LEADERSHIP DEVELOPMENT AND ADVISORY COUNCIL

April 23-25, 2007

Discussion Leader - George E. (Jake) Knight, Jr., MAI

The Appraisal Institute has been working to develop a grass roots government relations program at the national and state level. In order to measure the *Political Awareness* of the Appraisal Institute membership, some background information on grass roots government relations was provided to the LDAC participants. The goal of the discussion sessions was to continue to find ways to advance the grassroots government relations programs of the Appraisal Institute.

Appraisal Institute's Strategic Plan

Government officials and policymakers recognize and appreciate the Appraisal Institute's role in developing and influencing public policy, standards of practice, and regulation of real estate valuation services.

Discussion Topics

POLITICS - Do Appraisal Institute members really care about Politics?

The groups overwhelming response was yes, we care a great deal about politics. Political Awareness/Action is important to the real estate appraisal profession. We recognize that we are the strongest voice for real estate appraisers. We discussed how to get our voice heard and how to make a difference.

PLAN - Does the Appraisal Institute have a road map?

A copy of the Strategic plan was presented to the LDAC participants. Amazingly, with just over 100 people in attendance at LDAC, no one really was aware of the Appraisal Institute's Strategic Plan. Better communication was relevant to the government relations discussions but has relevance and insight for AI leadership regarding current operations.

The web site should be significantly upgraded. This **MUST** be addressed. The website should be more user friendly. Participants could not locate items on the web site that were needed for the class discussion or for other purposes. The Appraisal Institute sends too many e-mails and the relevance of the message is lost. The Appraisal Institute still has issues with the contact database. Participants that have filled out profiles don't always receive communication. Appraisers are busy and want communication to be simple and on target. Don't assume the e-mails and web site posting guarantee a response. Personal phone calls would be a great way to get our message across on key issues and for a call to action.

Better awareness/knowledge is needed for the chapter government relations programs to work in conjunction with the Strategic Plan. Education is needed to create awareness. Better

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communication will help the Appraisal Institute leverage its political capital through its membership. The group sees solving the issue through better education and communication.

LEADERSHIP - Who are the leaders that will carry out the plan?

Does AI have an effective leadership development program to accomplish the goals of the government relations Strategic Plan? LDAC is the grounds for government relations training. We need more chapter level training for government relations activities. Most government relations programs are operated by a single individual or small committee that has interest in government relations. AI must take advantage of the voice of the membership. The Appraisal Institute needs better communication and education to create an effective grass roots government relations program.. Local chapters need consistency and continuity for the government relations programs to be effective. If government relations is important enough to be included in the strategic plan, then the Appraisal Institute must invest the resources behind the message.

COALITIONS - Should every state have an appraisal coalition?

The group is in favor of coalitions but we still have some states represented that oppose them. Again, better communication on coalitions will help the AI plan. The 2007 Issues Report was discussed with the 8 state coalitions that AI recognizes identified: Georgia, Florida, Illinois, Maryland, New Jersey, Texas, Utah and Washington. The Appraisal Institute needs to understand the goals and objectives of each coalition to make informed decisions on alliances. According to the Government Relations Committee, AI is in favor of coalitions. However, the government relations leadership role at the chapter level has NOT heard the message. The State Government Relations program prepared by the National Government Relations Committee was only seen by 2 regions. If the Appraisal Institute favors coalitions then it should assisting chapters in the formation of coalitions and encourage AI leadership within the coalitions. The Appraisal Institute should publish model bylaws on coalition formation. This information is available but the message is not reaching the audience.

LOBBYIST – Should every state have an Appraisal Institute paid lobbyist?

Overwhelmingly, the group recognizes that a lobbyist is a requirement to be effective with a grass roots government relations program. Professionals in a volunteer association don't have the time or expertise to run a state wide government relations program. However, the Appraisal Institute frequently relies on volunteers to accomplish the strategic plan, which is not always effective. The use of a lobbyist is the best leverage of resources to create an opportunities for success in the political environment. Fee ranges for lobbyist were discussed along with scope of services for a lobbyist. This is a fundamental piece that is considered by the group to be a requirement for the success of government relations programs at the state level.

FUNDING - How does the Appraisal Institute fund a state lobbyist for all states?

The group agrees that the Appraisal Institute should provide funding for state level lobbyist. Several ideas were discussed. The idea with the majority of support is for matching funds. This provides a safe guard for the Appraisal Institute because the states with a lobbyist (some states have multiple chapters) will only receive funds if they already have funding going

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to the government relations function. More education and communication will be needed for the states that don't have a lobbyist. Alternative chapter level funding was also discussed.

Direct allocation of funds based on membership numbers by state is not a good solution. Start-up or seed money was also discussed. Again, the voice of the group is that AI should put capital into the program to create success. The group considers the lobbyist as an insurance policy. You have to pay for it annually, but when you need the policy, it better be paid up.

ALLIANCES - Building Consensus with Other Organizations

The topic of political alliance with NAR was discussed. The group was at polar opposites on this topic. Although many of our members are also members of NAR, we still recognize that appraisers need an independent political voice. The group does see the importance for more grass roots local level lobbying that will help build better relationships and consensus with other organizations. Examples include the realtors, mortgage bankers, mortgage brokers, trial lawyers and accountants.

SUMMARY

The consensus of the group is that politics is important and matters for real estate appraisers. As the leader in the real estate appraisal profession, AI needs to improve delivery of the message. If we are to be recognized as the leaders in developing and influencing public policy and regulation then we need to improve communication with the membership and awareness through education. Leadership training at the chapter level needs to be improved. If the Appraisal Institute encourages coalitions, then AI should help chapters start a coalition. All states should have a paid lobbyist and AI should help fund this expense through matching funds. With a lobbyist in every state and local leadership in the government relations programs, AI can start building consensus with other organizations at the state level and accomplish the goals of the strategic plan and build an effective grass roots government relations program.

Fear and Loathing: Who's Training our Future Appraisers?

Carol Chirpich, SRA

The Appraisal Institute is recognized as the leader in professional real property valuation education and for its rigorous designations. However, there is a major step between education and obtaining the state license; that is, the requirement for a minimum 2000 hours of experience, supervised by an appropriately licensed appraiser. It was pointed out that this issue is not specifically addressed in our strategic plan; however, there are many goals that could be met by bridging the gap between education and licensing.

Current requirements of a supervising appraiser are onerous. They take full responsibility for training, signing work product, employee/employer relationship, payroll, taxes, and liability to name a few. Many times, this is not cost effective at the start, as the supervising appraiser must sacrifice their own production in order to get the trainee up to speed. And for various reasons, trainees fall out or leave before they produce a return on the supervisor's invested time and effort. In today's appraisal environment, many times the least qualified appraisers are the ones taking on the risk of the initial supervision. Many are taking advantage of trainees by offering little more than a signature on the report resulting in ill-trained, unqualified appraisers.

Recognizing the problem, the Appraisal Foundation's Qualification Board has made changes that will take effect January 1, 2008. First, The Appraisal Foundation will accept 1000 hours of experience through a practicum course. And second, a signing supervisor must at a minimum be at the certified level and will be limited to three trainees. These changes create an opportunity for the Appraisal Institute and its members to help new appraiser professionals meet the experience requirements and increase the pool of well-equipped trained supervisors.

We started out with clarification of terms we often hear. A mentor is a trusted friend or counselor; apprenticeship is on-the-job training; and supervisor is an AQB term referring to an individual who signs a trainee's assignments and signs their log for state experience credit.

Our discussion focused on several questions starting with whether or not it is important for the Appraisal Institute to work toward a solution. The overwhelming response was yes for a variety of reasons. If we are the leading professional organization, we should be offering a complete package, one that bridges the gap between education and licensing. It was felt that providing a practicum could contribute to attracting new members and would enhance member retention. A program focused on producing quality experience training would elevate our profession and further differentiate AI as the place for new entrants to begin their career and continue as lifelong members.

Sorting through the discussions it appears that there are three areas of opportunity. One, creating a practicum course to provide initial experience hours; two, create a training and support system for our members who wish to supervise; and three, provide a clear uniform program for trainees on the path to an appraisal profession.

The Appraisal Foundation has established Guide Note Four that spells out the requirements for an acceptable practicum course. This course would take the burden off individual appraisers to

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shoulder responsibility and liability for the most time consuming and riskiest period in training. It also functions as a filter, allowing those who take the course to discover if this profession is something they want to pursue. Suggestions for the practicum include an on-line resource of case studies, FAQ's and templates.

A key part of the program would be to provide a pool of qualified supervisors who offer experience training after a trainee has completed the practicum. It was clear that many of the discussion participants who are not currently training thought they would consider offering supervision if the Appraisal Institute assisted with successful business models or best practices, employment contracts, seminars on how to supervise, and an on-line community or Shared Interest Group (SIG.) Other suggestions included a system to track progress and discounts for a trainee's courses when paid by the supervisor.

A clear uniform program would start with established basic AI courses. It would continue with the practicum for the initial experience training and would include assistance in establishing short and long-term goals and career counseling resulting in an "AI qualified" trainee. Other requirements could include commitment and/or service requirements to the local chapter. Knowing that there was a pool of members qualified as "AI supervisors" would clearly set our program apart from those simply providing classroom time.

Pro's and Con's were discussed as well, but the pro's far out weighed the con's not only for AI as an organization, but for our members and the future of our profession. The time is now for AI to take the lead. The opportunity is now, for AI to create a complete program through use of the Appraisal Foundation's newly approved practicum.